

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

Excerpts from the research reports, promulgating the intentions of Britons to sacrifice the trade pacts, if it comes at a price of spate of immigrants from India and many other non-EU countries are being bandied around from quite a while. But the recent communiqué from Lord Davies of Abersoch, Chair of The UK-India Business Council giving an affirmation that Indian companies need not worry about Brexit have mollified the consternations prevailing among the Indian exporters' fraternity doing trade with UK. Ensuing this, India and Italy discussed ways to increase cooperation in areas such as machinery, infrastructure, engineering and agriculture during the 20th meeting of India-Italy Joint Commission for Economic Cooperation (JCEC) in later part of February. Apparently, the discussions have seen the light of the day forthwith, with Bharat Electronics Limited (BEL) signing a MoU with Italy's Elettronica for Electronic warfare surveillance systems. UK and Italy have always been among the top five destinations for Indian engineering exports in EU. With the due efforts from the Government and relentless hard work from our member exporters all across the country, the developments in discussion augurs well for India EU trade which will witness a new zenith in the years to come. I urge Indian engineering exporters to catch up with the latest technological trends and innovations to outshine in this era of globalization.

I hope that our readers will enjoy reading this newsletter.

Territorial Chairman's Message



R P Jhalani

In this edition of the 'Newsletter on Europe', we analyze India's engineering export trend with the Europe. It is noteworthy that February 2019 has failed to sustain the positive trend in the EU region, only one out of the top five countries – Germany, Italy, UK, France and Belgium – recorded positive growth in February 2019 in imports of engineering products from India. With regards to exports in the top 20 panels, it has been observed that 15 panels recorded positive growth during April, 2018 - February, 2019 period compared to April, 2017 - February, 2018

I am hopeful that the Newsletter will give fruitful information to our readers and help them in taking informed business decisions.

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NEWSLETTER – Europe

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Basic Facts: EU

Area: 4, 324, 782 Sq. km

Population: 511.50 million (2016)

GDP: USD 18.31 trillion (2016)

Currency: Euro

Climate: cold temperate; potentially subarctic in the north to temperate; mild wet winters; hot dry summers in the south

Natural resources: Iron ore, natural gas, petroleum, coal, copper, lead, zinc, bauxite, uranium, potash, salt, hydropower, timber

EEPC engineering expo to showcase India as manufacturing, tech hub

EEPC India has been actively working on creating the right ecosystem in the area of Industry 4.0 for the benefit of SMEs. “At EEPC we have been working on Industry 4.0 for last two years. Industry 4.0 is our top most agenda and we have been working on helping the SMEs to equip themselves and overcome the challenges in terms of technology upgradation. Simultaneously, we are also focussing on skill development in order to have the right ecosystem,” he said while announcing the details about the 8th edition of EEPC India’s International Engineering Sourcing Show (IESS).

Smart engineering

IESS will be held in Chennai during March 14-16 with the theme – Smart Engineering – to showcase India as a global hub for manufacturing and technology.

This time Malaysia is participating in a big way as a partner country and is keen on working with India to take Indian expertise in Industry 4.0 for adoption in its country.

Malaysia is looking for a value generation of about \$50 million from IESS 2019 and has identified two core areas for long term sustainable interest – automobile and auto components and ICT part of India where Malaysia feels India could be a big brother in teaching the new technologies, said Sooraj Dhawan of Falcon Capital Advisors, which is advising MARii (Malaysia Automotive Robotics and IoT Institute).

Expanding export base

C H Nadiger, Regional Director, EEPC India, explained that the primary objective of the IESS is to reduce dependence on traditional markets in exports.

“About 72 per cent of our exports are accounted by just 25 countries in the world. We want to expand our export base. Of course, we are providing a platform for Indian engineering industry to target the domestic market also as a derisking strategy,” he added.

Elaborating on the outcomes of IESS, he said the interaction and the follow-up deals could result in business traction worth Rs. 500-600 crore in the following couple of years.

IESS 2019 will have about 400 exhibitors, of which 130 will be from Tamil Nadu. Five countries – Malaysia, Belgium, Hong Kong, Ukraine and Czech Republic — will be partner countries. More than 400 overseas delegates are expected to participate in the event. Both India and EU may now hold talks on specific areas to help resolve matters. There may be no early resolution to the deadlocked negotiations between India and the EU on the proposed bilateral free trade pact but the efforts have begun afresh.

Trade Trend Analysis in Europe

On the basis of the export data of February 2019, the top 5 European nations which had the highest demand for Indian engineering products are - Germany, Italy, UK, France and Belgium with their respective trade values are shown in Table 1.

Table 1: Top 5 Engineering Export Destinations from India to Europe (Values in USD Million)

Country	Exports in February, 2018	Exports in February, 2019	Growth (%)	Exports in April, 2017 - February, 2018	Exports in April, 2018 - February, 2019	Growth (%)
GERMANY	292.89	253.43	-13.47	2886.10	2972.73	3.00
ITALY	193.85	212.72	9.74	2227.50	2055.06	-7.74
U K	208.01	197.18	-5.21	2577.83	2520.54	-2.22
FRANCE	140.44	119.98	-14.57	1308.03	1256.62	-3.93
BELGIUM	160.90	99.12	-38.40	1271.23	1505.55	18.43

Source: DGCI&S

As demonstrated by the table above, four of the top five countries realized a negative growth rate in exports of engineering goods from India in February, 2019 when compared to February, 2018. Belgium decline was highest among all, approx. -38.40 % followed by France at -14.57%.

The cumulative growth figures show positive trend for only two of the five countries for the period, April, 2018- February, 2019 against the same period last year. Belgium showed the highest growth of more than 18 % followed by Germany at just 3%.

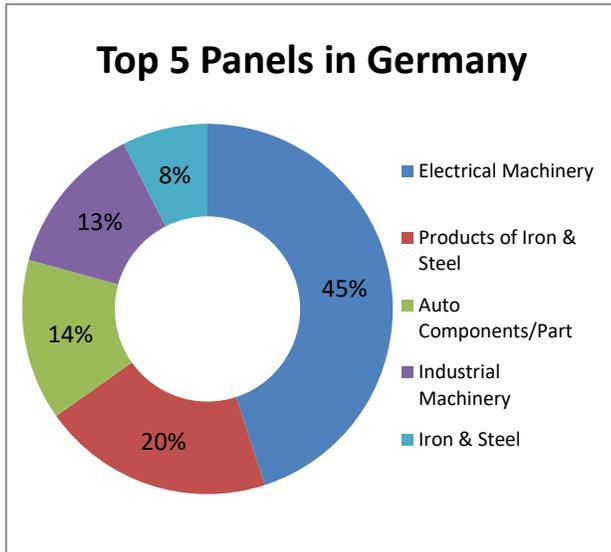
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

Considering the top 5 export destinations of India in Europe namely Germany, Italy, UK, France and Belgium, and then analyzing the top panels exported from India to these destinations for February, 2019, we observe that Products of Iron& Steel, Auto Components/Parts, Iron and Steel, Motor Vehicle/cars, Industrial machinery and Electric machinery are the most traded panels across these countries.

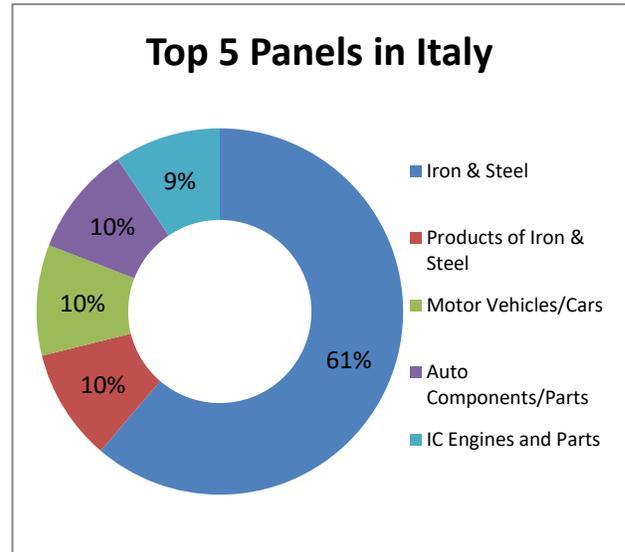
Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

Figure 1: Top 5 Panels in major export destinations of India in Europe in February, 2019

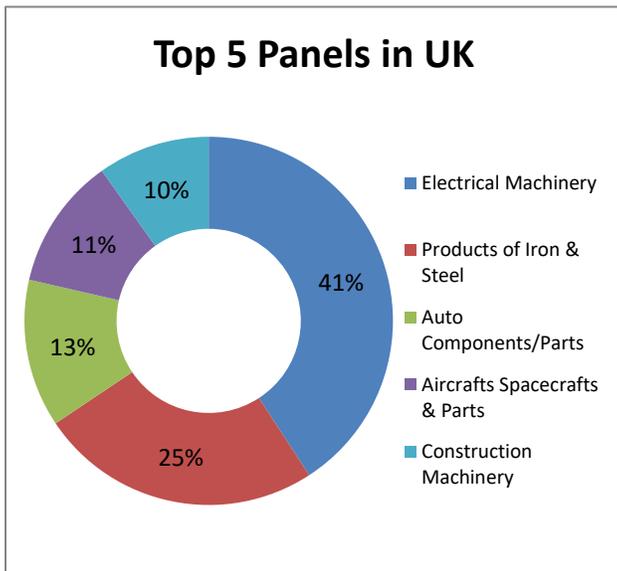
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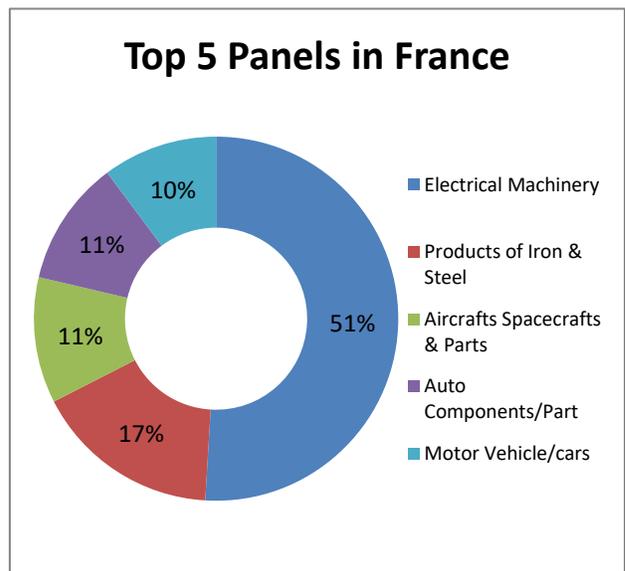
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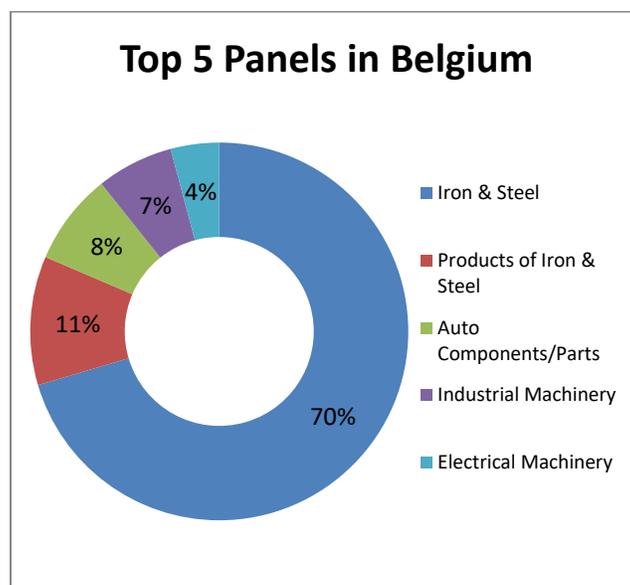
(c)



(d)



(e)



Source: DGCI&S

Panel wise cumulative trend in engineering exports to Europe during February, 2019

During February 2019, though Iron & Steel was the most important items of export from India to Europe in value terms but it recorded a negative cumulative growth in excess of -18% for the period April, 2018 - February, 2019 as compared to its corresponding period last year. It is followed by Electrical Machinery, Products of Iron & Steel, Auto Components/Parts and Industrial Machinery; all with positive growth for the period April, 2018 - February, 2019 compared to April, 2017 - February, 2018 (see Table 2 below).

Table 2: Top 20 Engineering Panels exported from India to Europe (Values in USD Million)

Name of the Panel	Exports in February, 2018	Exports in February, 2019	Growth (%)	Exports in April, 2017 - February, 2018	Exports in April, 2018 - February, 2019	Growth (%)
Iron & Steel	270.95	238.16	-12.10	2824.93	2311.31	-18.18
Electrical Machinery	242.39	204.03	-15.83	2040.31	2382.44	16.77
Products of Iron & Steel	148.33	154.04	3.85	1543.75	1718.01	11.29
Auto Components/Parts	104.46	99.92	-4.34	1009.00	1089.57	7.98
Industrial Machinery	86.34	83.66	-3.10	776.89	885.67	14.00
Motor Vehicles/Cars	68.41	53.56	-21.71	1038.09	683.38	-34.17
IC Engines & Parts	61.86	51.86	-16.16	795.70	732.30	-7.97
Aluminium & products	46.27	43.13	-6.79	595.74	884.10	48.40
Aircrafts Spacecrafts & Parts	81.76	33.22	-59.37	790.32	605.80	-23.35
Medical & Scientific instruments	45.32	30.59	-32.49	521.08	410.88	-21.15
Machinery for ATMs	28.27	30.52	7.96	274.44	319.64	16.47
Air condition & Refrigerators & Parts	24.96	21.68	-13.15	184.01	250.85	36.33

Hand Tools Cutting	19.89	21.29	7.03	214.63	246.76	14.97
Construction Machinery	17.82	20.58	15.44	171.78	236.92	37.93
Pumps of all types	18.99	17.27	-9.06	193.82	209.63	8.16
Non Ferrous Metals	17.10	17.27	1.00	169.54	179.39	5.81
Machine Tools	13.01	15.64	20.18	135.41	155.86	15.10
Bicycle & Parts	10.42	11.52	10.53	95.54	118.89	24.44
Two & Three Wheelers	10.48	11.05	5.50	98.09	99.84	1.78
Copper & products	10.99	9.65	-12.18	109.39	120.07	9.77

Source: DGCIS

During April, 2018 - February, 2019, 15 out of top 20 panels have recorded positive growth with Aluminium & products showing the maximum growth of 48.40% whereas Motor Vehicle/cars descending the most by -34.17%. Whereas in data for February, 2019, 12 out of top 20 panels recorded negative growth with Aircrafts Spacecrafts & Parts declining the most by -59.37% followed by Medical & Scientific instruments and Motor Vehicles/Cars at -32.49% and -21.71% respectively. On the contrary trend, Machine Tools followed by Construction Machinery and Bicycle & Parts recorded a double digit positive growth of 20.18%, 15.44% and 10.53% respectively.

News in Focus

Britons ready to sacrifice trade deals than allow higher levels of immigration from India/non-EU states

Britons don't want higher levels of immigration from India and many other non-EU countries even if it comes at the price of not securing a free-trade agreement, new research in the UK has found.

Read Full story: <https://www.thehindubusinessline.com/todays-paper/tp-others/tp-variety/article26452772.ece>

Indian companies need not worry about Brexit: UKIBC Chair

Lord Davies of Abersoch, Chair of The UK-India Business Council (UKIBC), in an interview with BusinessLine shared his thoughts on challenges that India-UK trade relationship is facing and the opportunity ahead.

Read Full story: <https://www.thehindubusinessline.com/companies/indian-companies-need-not-worry-about-brexit-ukibc-chair/article26529662.ece>

India, Italy discuss ways to boost ties

India and Italy discussed ways to increase cooperation in areas such as machinery, infrastructure, engineering and agriculture during the 20th meeting of India-Italy Joint Commission for Economic Cooperation (JCEC) to promote trade and investments between the countries .

Read Full story: <https://www.thehindubusinessline.com/economy/india-italy-discuss-ways-to-boost-ties/article26377846.ece>

BEL signs MoU with Italy's Elettronica for Electronic warfare surveillance systems

Bharat Electronics Limited (BEL), a defence PSU, and Elettronica SpA (ELT), Italy, have entered into an MoU for the joint development, commercialisation and production of the New Generation EW Surveillance Systems.

Read Full story: <https://www.thehindubusinessline.com/companies/bel-signs-mou-with-italys-elettronica-for-electronic-warfare-surveillance-systems/article26350372.ece>

India-EU free trade pact not possible without lowering tariffs on cars

The proposed India-EU free trade agreement (FTA) cannot be concluded without commitments on lowering import duties on cars and car parts as this is a politically sensitive issue for the bloc, EU Ambassador to India Tomasz Kozlowski said.

Read Full story: <https://www.thehindubusinessline.com/todays-paper/tp-news/article26414919.ece>

Swedish automotive components maker SKF group expects India drive future growth

SKF group expects India to outperform other markets soon and become the “future growth” market for them globally, a top company executive has said.

Read Full story: <https://www.thehindubusinessline.com/companies/skf-group-expects-india-drive-future-growth/article26366632.ece>

EU, India to step up cooperation in research and innovation

India and the EU will step up cooperation in research and innovation. To build upon the robust cooperation of the past 20 years, the EU and India intend to renew the India-EU Science and Technology Agreement for another five years.

Read Full story: <https://www.thehindubusinessline.com/news/science/eu-india-to-step-up-cooperation-in-research-and-innovation/article26447711.ece>

GMR, Terna sign concession agreement for new airport in Greece

GMR Airports Limited, a subsidiary of GMR Infrastructure Limited along with Greek partner TERNA Group has signed the Concession Agreement for Design, Construction, Financing, Operation, and Maintenance and Exploitation of New Airport of Heraklion at Crete, Greece.

Read Full story: <https://www.thehindubusinessline.com/economy/logistics/gmr-terna-sign-concession-agreement-for-new-airport-in-greece/article26338144.ece>

EU-India – Information Guide

India enjoys trade preferences with EU under generalized scheme of preference.

EU has a website – EU Trade helpdesk which provide crucial information on export opportunities provided to the exporters. The website has detailed information on definite product codes which include:

- ❖ Specific requirements for exporting to EU including public health, labeling, etc.
- ❖ Internal taxes (VAT and Excise duties) applicable in the EU countries
- ❖ Relevant laws, national authorities and border inspection posts

The link for the website is: <http://trade.ec.europa.eu/tradehelp/>

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